

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Winterfield Township</b>	County <b>Clare</b>
Audit Date <b>6/30/04</b>	Opinion Date <b>11/30/04</b>	Date Accountant Report Submitted to State: <b>January 24, 2005</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Baird, Cotter &amp; Bishop, P.C.</b>			
Street Address <b>134 W. Harris Street</b>	City <b>Cadillac</b>	State <b>MI</b>	ZIP <b>49601</b>
Accountant Signature 		Date <b>1-21-05</b>	

**WINTERFIELD TOWNSHIP, CLARE COUNTY**

**MARION, MICHIGAN**

**JUNE 30, 2004**

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

JUNE 30, 2004

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WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

JUNE 30, 2004

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JONATHAN E. DAMHOF, C.P.A.  
MICHAEL D. COOL, C.P.A.

*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

November 30, 2004

### INDEPENDENT AUDITORS' REPORT

To the Township Board  
Winterfield Township  
Clare County  
Marion, Michigan

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Winterfield Township, Clare County, Marion, Michigan, as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Winterfield Township, Clare County, Marion, Michigan, as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the Township has implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* as of July 1, 2003.

The management's discussion and analysis on pages iii through viii and budgetary comparison information on page 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Winterfield Township, Clare County, Marion, Michigan's basic financial statements. The individual fund financial statements and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2004

Winterfield Township, a general law township located in Clare County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Winterfield Township board's discussion and analysis of the financial results for the fiscal year ended June 30, 2004. In future years, comparative information will be provided.

**Financial Highlights**

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$521,944. Of this amount, \$319,987 may be used to meet the township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$468,280 an increase of \$67,533 in comparison with the prior year. About 65% is available for spending at the Township's discretion.
- ◆ The Township is not obligated under any long-term debt as of June 30, 2004.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** The government-wide financial statements, required by GASB 34, are new and being shown for the first time in 2004 for Winterfield Township. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2004

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government and administration, public safety, public works, culture and recreation, and other functions. Winterfield Township currently has no business-type activities.

**Fund Financial Statements**

For the most part, the fund financial statements are comparable to prior years' financial statements. The primary difference is that the Account Group General Fixed Assets is no longer reported. The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources. All of the funds of the Township are governmental funds.

***Governmental Funds*** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

**Government-Wide Financial Analysis**

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over



WINTERFIELD TOWNSHIP, CLARE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2004

time. The Net Assets of the Township are \$521,944 at June 30, 2004, meaning the Township's assets were greater than its liabilities by this amount. Because of GASB Statement Number 34, this is the first year that this information is presented; therefore, only one year of data is shown. A useful comparative analysis will be presented in future years when the information is available.

**Winterfield Township**  
**Net Assets as of June 30, 2004**

	<b>Governmental Activities</b>
<b>Assets</b>	
Current Assets	\$ 469,062
Non Current Assets	
Capital Assets	100,000
Less: Accumulated Depreciation	(46,336)
Total Non Current Assets	53,664
<b>Total Assets</b>	<b>\$ 522,726</b>
<b>Liabilities</b>	
Current Liabilities	\$ 782
<b>Net Assets</b>	
Invested in Capital Assets	53,664
Restricted for Specific Purposes	148,293
Unrestricted	319,987
<b>Total Net Assets</b>	<b>521,944</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 522,726</b>

The most significant portions of the Township's Net Assets is cash. The Township is not responsible for any long-term debt as of June 30, 2004. Other liabilities are minimal as of June 30, 2004.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

The total net assets of the Township increased by \$65,043 or 14.23% in this fiscal year, which is a good indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2004

**Winterfield Township**  
**Change in Net Assets**  
**for the Fiscal Year Ended June 30, 2004**

	<u><b>Governmental Activities</b></u>
<b><u>Revenues</u></b>	
<b>Program Revenues</b>	
Charges for Services	\$ 2,450
Operating Grants and Contributions	2,958
<b>General Revenues</b>	
Property Taxes and Assessments	102,814
State Shared Revenue	34,090
Interest and Rents	7,031
Other	<u>17,521</u>
<b>Total Revenues</b>	<u>166,864</u>
<b><u>Expenses</u></b>	
Legislative	\$ 2,265
General Government, Administrative	35,433
Public Safety	23,902
Public Works	26,137
Culture and Recreation	483
Other Functions	<u>13,601</u>
<b>Total Expenses</b>	<u>\$ 101,821</u>
Changes in Net Assets	65,043
<b><u>NET ASSETS</u></b> – Beginning of Year	<u>456,901</u>
<b><u>NET ASSETS</u></b> – End of Year	<u><u>\$ 521,944</u></u>

**Governmental Activities**

During the fiscal year ended June 30, 2004, the Township's net assts increased by \$65,043 or 14.23% in the governmental funds. The majority of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. This is true despite the fact that GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

The most significant port of the revenue for all governmental activities of Winterfield Township comes from property taxes. The Township levied a millage for the operating and road improvement millages, this fiscal year. The Township levied .9720 mills for operating purposes, and 1.9678 mills for road improvement.

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2004

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax. In 2004, the amount of state shared revenue received by the Township trended downward, representing declining sales tax collections and discretionary reductions by the State in revenue sharing payments.

The Township's governmental activities expenses are spread quite equally by several functions but are dominated by general governmental expenses that make up 35% of total expenses. The Township spent \$35,433 in fiscal year 2004 on general administrative expenses. Public works represented the next largest expense at \$26,137 followed by public safety at \$23,902. These represent 26% and 23% respectively. Expenses for salaries, including Township assessor, represent a large portion of the general administrative expenses at \$23,933. Depreciation expense added another \$2,490.

**Financial Analysis of the Government's Funds**

***Governmental Activities*** The focus of Winterfield Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Winterfield Township's governmental funds reported combined ending fund balances of \$468,280. Approximately 68.33% of this total amount (\$319,987) constitutes unreserved fund balance. The remainder of the fund balance is reserved for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for road improvements must be used for expenditures that relate to road improvements.

**General Fund** – The General Fund increased its fund balance by \$15,462 which brings the fund balance to \$319,987. All of the General Fund's fund balance is unreserved. All of the General Fund's functions, except for the legislative function, ended the year with expenditures below budgeted amounts. The legislative differential is minor and was funded by available fund balance. Property tax revenues increased by 1.07% or \$2,866. State shared revenues decreased by \$8,919 from the prior year.

**Garbage and Rubbish Collection Fund** – The Garbage and Rubbish Collection Fund decreased its fund balance by \$531 which brings the fund balance to \$8,150. This balance is reserved and must be used for refuse collection and disposal.

**Municipal Street Fund** – The Municipal Street Fund increased its fund balance by \$52,602 which brings the fund balance to \$140,143. The balance is reserved and must be used for road improvements.

The Township did once again levy a road improvement millage on the 2003 tax roll. Tax related revenues totaled \$58,650. The Township is not obligated under any contracts of the Road Commission as of June 30, 2004.

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2004

**Capital Assets and Debt Administration**

**Capital Assets.** The Township's investment in capital assets for governmental activities as of June 30, 2004 amounted to \$53,664 net of accumulated depreciation.

Capital assets summarized below include any items purchased with a cost greater than \$500 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

***Winterfield Township***  
***Capital Assets as of June 30, 2004***

		<b>Governmental Activities</b>
Land and Land Improvements	\$	38,388
Buildings		49,171
Equipment, Furniture and Fixtures		12,441
		<hr/> 100,000
Less Accumulated Depreciation		<hr/> (46,336)
<b>Net Capital Assets</b>	<b>\$</b>	<b><hr/>53,664<hr/></b>

No capital assets were purchased or retired in the current fiscal year.

**Long-Term Debt.** Winterfield Township has no obligation for any long-term debt as of June 30, 2004.

**Economic Condition and Outlook**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State shared revenues are expected to decrease by at least 2.00% in the 2004-05 fiscal year. The Township has budgeted for a larger decrease as more cuts are expected

These factors were considered in preparing the Township's budgets for the 2004-05 fiscal year.

**Request for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Winterfield Township at 1163 N. Strawberry Road, Marion, MI 49665.

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

STATEMENT OF NET ASSETS  
JUNE 30, 2004

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 469,062
<u>CAPITAL ASSETS</u>	
Land and Land Improvements	38,388
Buildings	49,171
Equipment, Furniture and Fixtures	12,441
	<u>100,000</u>
Less Accumulated Depreciation	<u>(46,336)</u>
Net Capital Assets	<u>53,664</u>
TOTAL ASSETS	<u>\$ 522,726</u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>CURRENT LIABILITIES</u>	
Payroll Taxes Payable	\$ 782
<u>NET ASSETS</u>	
Invested in Capital Assets	53,664
Restricted for Specific Purposes	148,293
Unrestricted	<u>319,987</u>
TOTAL NET ASSETS	<u>521,944</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 522,726</u>

The accompanying notes are an integral part of the financial statements.

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2004

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
<u>PRIMARY GOVERNMENT</u>				
<u>GOVERNMENTAL ACTIVITIES</u>				
Legislative	\$ 2,265	\$ 0	\$ 0	\$ (2,265)
General Government, Administrative	35,433	2,025	2,958	(30,450)
Public Safety	23,902	425	0	(23,477)
Public Works	26,137	0	0	(26,137)
Culture and Recreation	483	0	0	(483)
Other Functions	13,601	0	0	(13,601)
Total Governmental Activities	101,821	2,450	2,958	(96,413)
<u>GENERAL REVENUES</u>				
Property Tax and Special Assessments				\$ 102,814
State Shared Revenue				34,090
Interest and Rents				7,031
Other				17,521
Total General Revenues and Transfers				161,456
Change in Net Assets				65,043
<u>NET ASSETS</u> - Beginning of Year				456,901
<u>NET ASSETS</u> - End of Year				\$ 521,944

The accompanying notes are an integral part of the financial statements.

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET  
JUNE 30, 2004

	GARBAGE AND RUBBISH COLLECTION			MUNICIPAL STREET	
	GENERAL FUND	FUND	FUND	FUND	TOTALS
<u>ASSETS</u>					
Cash					
Money Market Accounts	\$ 328	\$ 8,353	\$ 0	\$ 8,681	
Savings Accounts	42,808	0	140,143	182,951	
Certificates of Deposit	277,430	0	0	277,430	
TOTAL ASSETS	<u>\$ 320,566</u>	<u>\$ 8,353</u>	<u>\$ 140,143</u>	<u>\$ 469,062</u>	
<u>LIABILITIES AND FUND BALANCE</u>					
<u>LIABILITIES</u>					
Payroll Taxes Payable	\$ 579	\$ 203	\$ 0	\$ 782	
<u>FUND BALANCE</u>					
Reserved for:					
Road Improvements	0	0	140,143	140,143	
Refuse Collection and Disposal	0	8,150	0	8,150	
Unreserved					
Undesignated	319,987	0	0	319,987	
Total Fund Balance	<u>319,987</u>	<u>8,150</u>	<u>140,143</u>	<u>468,280</u>	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 320,566</u>	<u>\$ 8,353</u>	<u>\$ 140,143</u>	<u>\$ 469,062</u>	

The accompanying notes are an integral part of the financial statements.

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2004

Total Fund Balances for Governmental Funds	\$ 468,280
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Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the funds.

Land	15,000	
Land Improvements	23,388	
Buildings	49,171	
Equipment, Furniture and Fixtures	12,441	
Accumulated Depreciation	(46,336)	53,664

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 521,944</u>
---------------------------------------	-------------------

The accompanying notes are an integral part of the financial statements.



WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2004

	GENERAL FUND	GARBAGE AND RUBBISH COLLECTION FUND	MUNICIPAL STREET FUND	TOTALS
<u>REVENUES</u>				
Taxes	\$ 44,764	\$ 0	\$ 58,050	\$ 102,814
Licenses and Permits	425	0	0	425
Federal Grants	2,958	0	0	2,958
State Grants	34,090	0	0	34,090
Charges for Services	2,025	0	0	2,025
Interest and Rents	6,717	22	292	7,031
Other Revenues	677	16,844	0	17,521
Total Revenues	91,656	16,866	58,342	166,864
<u>EXPENDITURES</u>				
Legislative	2,265	0	0	2,265
General Government	32,943	0	0	32,943
Public Safety	23,902	0	0	23,902
Public Works	0	20,397	5,740	26,137
Culture and Recreation	483	0		483
Other Functions	13,601	0		13,601
Total Expenditures	73,194	20,397	5,740	99,331
Excess (Deficiency) of Revenues Over Expenditures	18,462	(3,531)	52,602	67,533

The accompanying notes are an integral part of the financial statements.

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2004

	GENERAL FUND	GARBAGE AND RUBBISH COLLECTION FUND	MUNICIPAL STREET FUND	TOTALS
<hr/>				
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	0	3,000	0	3,000
Operating Transfers Out	(3,000)	0	0	(3,000)
<hr/>				
Total Other Financing Sources (Uses)	(3,000)	3,000	0	0
<hr/>				
Net Change in Fund Balance	15,462	(531)	52,602	67,533
 <u>FUND BALANCE -</u>				
Beginning of Year	304,525	8,681	87,541	400,747
<hr/>				
<u>FUND BALANCE -</u>				
End of Year	\$ 319,987	\$ 8,150	\$ 140,143	\$ 468,280
<hr/> <hr/>				

The accompanying notes are an integral part of the financial statements.

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2004

Net change in Fund Balance - Total Governmental Funds	\$	67,533
---	----	--------

Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(2,490)		
Capital Outlay	0	(2,490)	

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>65,043</u>
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The accompanying notes are an integral part of the financial statements.

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Winterfield Township is a general law township located in Clare County which operates under the direction of an elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

**B. Government-wide and Fund Financial Statements**

During fiscal year 2004, the Township adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

*Invested in Capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributions, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets are often designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be modified or removed.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements

Winterfield Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Garbage and Rubbish Collection Fund* accounts for revenue sources that are legally restricted to expenditure for garbage and refuse collection.

The *Municipal Street Fund* accounts for revenue sources that are legally restricted to expenditure for road improvements.

Additionally Winterfield Township reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

*Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

**D. Assets, Liabilities and Equity**

***1. Deposits and Investments***

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less from date of acquisition.

(I) The Township by its own investment policy may invest funds as follows:

- (a) In certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution, as described in Public Act 20 of 1943 as amended.

***2. Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes are levied and due July 1, and become delinquent after September 14. County and the balance of school taxes are levied and due December 1, and become delinquent after February 14. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2003 taxable valuation of the Winterfield Township totaled \$29,501,511, on which ad valorem taxes levied consisted of .9720 mills for the Winterfield Township operating purposes, and 1.9678 mills for the Winterfield Township road improvements. These levies raised approximately \$28,672 for operating purposes and \$58,050 for road improvements.

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

**3. *Inventories and Prepaid Items***

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**4. *Capital Assets***

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Land improvements	20
Equipment, furniture and fixtures	5-10

Winterfield Township qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Township will capitalize and depreciate infrastructure beginning July 1, 2003, in accordance with the Township's capitalization policy.

**5. *Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.



WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

**6. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budgeted amounts presented are as originally adopted on June 24, 2003, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

The Township's deposits are owned by several of the Township's funds. A total of \$270,466 of the Township's \$470,466 of total bank deposits are in accounts which exceed the Federal depository insurance of \$100,000 and are uncollateralized. The remaining \$200,000 of bank deposits and investments are in separate accounts which are fully insured. All bank deposits are in Citizens and Chemical Bank. At year-end, the carrying amount of the Township's deposits was \$469,062 and the bank balance was \$470,466.

**DEPOSITS**

The carrying amount of the Township's deposits at year-end are shown below:

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

Citizens Bank	
Savings and Money Market Accounts	\$ 171,064
Certificates of Deposit	162,212
Chemical Bank	
Savings Accounts	20,568
Certificates of Deposit	<u>115,218</u>
	<u>\$ 469,062</u>

**B. Receivables**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, there were no components of deferred revenue and unearned revenue reported in the governmental funds.

**C. Capital Assets**

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 15,000	\$ 0	\$ 0	\$ 15,000
Capital assets, being depreciated				
Buildings	\$ 49,171	\$ 0	\$ 0	\$ 49,171
Land Improvements	23,388	0	0	23,388
Equipment, Furniture and Fixtures	12,441	0	0	12,441
Total capital assets, being depreciated	\$ 85,000	\$ 0	\$ 0	85,000
Less accumulated depreciation for:				
Buildings	\$ 21,128	\$ 1,040	\$ 0	\$ 22,168
Land Improvements	13,970	669	0	14,639
Equipment, Furniture and Fixtures	8,748	781	0	9,529
Total accumulated depreciation	\$ 43,846	\$ 2,490	\$ 0	\$ 46,336

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

Total capital assets, being depreciated, net	\$	41,154	\$	(2,490)	\$	0	\$	38,664
Governmental activities capital assets, net	\$	56,154	\$	(2,490)	\$	0	\$	53,664

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ <u>2,490</u>

Construction Commitments:

The government has no outstanding construction commitments as of June 30, 2004.

**D. Interfund Receivables, Payables and Transfers**

There are no individual fund interfund receivable and payable balances at June 30, 2004.

Interfund Transfers as of June 30, 2004, were:

	TRANSFERS	
	IN	OUT
<u>Primary Government</u>		
General Fund	\$ 0	\$ 3,000
Garbage and Rubbish Collection Fund	3,000	0
	<u>\$ 3,000</u>	<u>\$ 3,000</u>

Transfers are used (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**E. Fund Balance Reserves and Designations**

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances/retained earnings in various funds. In addition, certain portions of unreserved fund balances/retained earnings have been designated for intended future uses. These reserves and designations are detailed in the following schedule:

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

FUND BALANCE/NET ASSETS

Reserved

Special Revenue Funds

Garbage and Rubbish Collection Fund

Garbage and Refuse Collection \$ 8,150

Municipal Street Fund

Road Improvements 140,143

TOTAL FUND BALANCE

RESERVATIONS AND DESIGNATIONS \$ 148,293

**F. Garbage and Rubbish Collection Fund**

On April 22, 1991, the Township Board approved the placing of an annual special assessment on the tax roll to finance the cost of operating a transfer station of the collection of trash and garbage. The transactions accounting for the income and expenses related to the transfer station are reflected in a separate fund established by the Township labeled "Garbage and Rubbish Collection Fund."

**IV. OTHER INFORMATION**

**A. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions insurance and workers' compensation. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

**B. Retirement**

The Township has defined contribution pension plan with Manufacturers Life Insurance Company which covers all Township employees except volunteer firemen and seasonal employees. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 18. An employee's normal retirement date is age 65 or, if later, completion of 10 years of participation in the plan. Early retirement is permitted at any time after age 55.

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

For purposes under the plan, including the allocation of employer contributions, compensation means cash compensation actually paid throughout the plan year. Employer contributions to the plan amount to 75% of an amount per a predetermined schedule. Mandatory after-tax employee contributions are 25% of the same predetermined schedule. In addition, participants may make voluntary after-tax contributions in amounts ranging from 1% to 10% of compensation.

Township contributions to the plan for 2003-04 plan year amounted to \$2,250. In addition, employees contributed \$750. Costs for participant fees and charges of \$225 were also paid by the Township.

**C. Property Tax Administration Fee**

The Township passed a resolution on June 14, 1983, to charge a 1% administration fee on all ad valorem, taxes levied after this date. Also, a late penalty fee of 3% shall be added after February 14<sup>th</sup> and shall terminate on the last day of February. The resolution is to continue in force and effect until revoked by the township board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenue generated by the administration fee so that a restricted earnings account is not reflected in these statements.

**D. Fire Protection Contracts**

The Township has a contract with the Marion Community Fire Department and paid \$14,751 for protection for the period March 1, 2003, to February 28, 2004. This amount paid is equal to .5 of 1.00 mill of the Township's state taxable value

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2004

	GENERAL FUND				GARBAGE AND RUBBISH COLLECTION FUND				MUNICIPAL STREET FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>												
Taxes	\$ 56,200	\$ 56,200	\$ 44,764	\$ (11,436)	\$ 16,500	\$ 16,500	\$ 0	\$ (16,500)	\$ 55,000	\$ 55,000	\$ 58,050	\$ 3,050
Licenses and Permits	1,000	1,000	425	(575)	0	0	0	0	0	0	0	0
Federal Grants	0	0	2,958	2,958	0	0	0	0	0	0	0	0
State Grants	35,000	35,000	34,090	(910)	0	0	0	0	0	0	0	0
Charges for Services	0	0	2,025	2,025	0	0	0	0	0	0	0	0
Interest and Rents	5,000	5,000	6,717	1,717	30	30	22	(8)	0	0	292	292
Other Revenues	1,400	1,400	677	(723)	150	150	16,844	16,694	0	0	0	0
Total Revenues	98,600	98,600	91,656	(6,944)	16,680	16,680	16,866	186	55,000	55,000	58,342	3,342
<u>EXPENDITURES</u>												
Legislative	2,000	2,000	2,265	(265)	0	0	0	0	0	0	0	0
General Government	47,400	47,900	32,943	14,957	0	0	0	0	0	0	0	0
Public Safety	22,600	26,100	23,902	2,198	0	0	0	0	0	0	0	0
Public Works	0	0	0	0	21,800	21,800	20,397	1,403	55,000	55,000	5,740	49,260
Culture and Recreation	500	500	483	17	0	0	0	0	0	0	0	0
Other Functions	17,700	17,700	13,601	4,099	0	0	0	0	0	0	0	0
Contingency	15,400	15,400	0	15,400	0	0	0	0	0	0	0	0
Total Expenditures	105,600	109,600	73,194	36,406	21,800	21,800	20,397	1,403	55,000	55,000	5,740	49,260
Excess (Deficiency) of Revenues Over Expenditures	(7,000)	(11,000)	18,462	29,462	(5,120)	(5,120)	(3,531)	1,589	0	0	52,602	52,602
<u>OTHER FINANCING SOURCES (USES)</u>												
Transfers In	0	0	0	0	5,120	3,000	3,000	0	0	0	0	0
Transfers Out	0	0	(3,000)	(3,000)	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	(3,000)	(3,000)	5,120	3,000	3,000	0	0	0	0	0
Net Change in Fund Balance	(7,000)	(11,000)	15,462	26,462	0	(2,120)	(531)	1,589	0	0	52,602	52,602
<u>FUND BALANCE</u> - Beginning of Year	304,525	304,525	304,525	0	8,681	8,681	8,681	0	87,541	87,541	87,541	0
<u>FUND BALANCE</u> - End of Year	\$ 297,525	\$ 293,525	\$ 319,987	\$ 26,462	\$ 8,681	\$ 6,561	\$ 8,150	\$ 1,589	\$ 87,541	\$ 87,541	\$ 140,143	\$ 52,602

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

GENERAL FUND

BALANCE SHEET  
JUNE 30,

	<u>2004</u>
<u>ASSETS</u>	
Cash	
Money Market Account	\$ 328
Savings Accounts	42,808
Certificates of Deposit	<u>277,430</u>
 TOTAL ASSETS	 <u><u>\$ 320,566</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Payroll Taxes Payable	\$ 579
 <u>FUND BALANCE</u>	
Balance	
Unreserved	<u>319,987</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 320,566</u></u>

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2004

	<u>2004</u> <u>ACTUAL</u>
<u>REVENUES</u>	
Taxes	\$ 44,764
Licenses and Permits	425
Federal Grants	2,958
State Grants	34,090
Charges for Services	2,025
Interest and Rents	6,717
Other Revenues	<u>677</u>
Total Revenues	<u>91,656</u>
<u>EXPENDITURES</u>	
Legislative	
Township Board	2265
General Government	
Supervisor	2817
Election	580
Assessor	7,722
Clerk	6,694
Board of Review	2,141
Treasurer	8,212
Building and Grounds	4,073
Cemetery	704
Public Safety	23,902
Recreation and Cultural	483
Other Functions	13,601
Contingency	<u>0</u>
Total Expenditures	<u>73,194</u>
Excess of Revenues Over (Under) Expenditures	18,462
<u>OTHER FINANCING USES</u>	
Operating Transfers out	
Garbage and Rubbish Collection Fund	<u>(3,000)</u>
Excess of Revenues Over (Under) Expenditures and Other Uses	15,462
<u>FUND BALANCE</u> - July 1, 2003	<u>304,525</u>
<u>FUND BALANCE</u> - June 30, 2004	<u>\$ 319,987</u>



WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES  
FOR THE YEAR ENDED JUNE 30, 2004

TAXES

Current Property Taxes	\$ 28,672	
Property Tax Penalties	398	
Property Tax Administrative Fee	11,149	
Payment in Lieu of Taxes - Swamp Tax	<u>4,545</u>	
Total Taxes		44,764

LICENSES AND PERMITS

Zoning Permits		425
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FEDERAL GRANTS

Fish and Wildlife Refugee Grant	\$ 1,604	
Bank Head Jones Grant	<u>1,354</u>	
Total Federal Grants		2,958

STATE GRANTS

Sales and Use Tax		34,090
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CHARGES FOR SERVICES

Summer Tax Collection		2,025
-----------------------	--	-------

INTEREST AND RENTS

Interest Earnings		6,717
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OTHER REVENUES

Refunds and Rebates		<u>677</u>
TOTAL REVENUES	\$	<u><u>91,656</u></u>

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

LEGISLATIVE

Township Board		
Personal Services		
Salaries and Wages	\$	400
Other Services and Charges		
Dues and Fees		516
Miscellaneous		1,349
		<hr/>
Total Legislative		2,265

GENERAL GOVERNMENT

Supervisor		
Personal Services		
Salaries and Wages	\$	2,750
Other Services and Charges		
Miscellaneous		67
		<hr/>
Elections		2,817
Other Services and Charges		
Miscellaneous		580
Assessor		
Personal Services		
Salaries and Wages	\$	5,300
Other Services and Charges		
Contracted Services		2,422
		<hr/>
Clerk		7,722
Personal Services		
Salaries and Wages	\$	6,000
Other Services and Charges		
Miscellaneous		694
		<hr/>
Board of Review		6,694
Personal Services		
Salaries and Wages	\$	1,453
Other Services and Charges		
Miscellaneous		688
		<hr/>
		2,141

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

Treasurer

Personal Services

Salaries and Wages \$ 7,000

Other Services and Charges

Miscellaneous 1,212 8,212

Building and Grounds

Personal Services

Salaries and Wages \$ 1,370

Other Services and Charges

Repairs and Maintenance 2,703 4,073

Cemetery

Personal Services

Salaries and Wages \$ 60

Supplies

Operating Supplies 644 704

Total General Government

32,943

PUBLIC SAFETY

Ordinance Enforcement

Personal Services

Salaries and Wages \$ 1,099

Fire Department

Other Services and Charges

Aid to Other Governments 14,751

Planning and Zoning

Personal Services

Salaries and Wages \$ 2,850

Other Services and Charges

Miscellaneous 5,202 8,052

Total Public Safety

23,902

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

CULTURE AND RECREATION

Library	
Other Services and Charges	
Aid to Other Governments	483

OTHER FUNCTIONS

Insurance and Bonds		\$ 7,178	
Employee Benefits			
Pension Contribution	\$ 3,225		
Medicare and Social Security	2,328		
Worker's Compensation	870		
Total Employee Benefits		<u>6,423</u>	
 Total Other Functions			<u>13,601</u>
 TOTAL EXPENDITURES			73,194

OTHER FINANCING USES

Operating Transfer Out	
Garbage and Rubbish Collection	<u>3,000</u>
 TOTAL EXPENDITURES AND OTHER FINANCING USES	<u><u>\$ 76,194</u></u>

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

MUNICIPAL STREET FUND

BALANCE SHEET  
FOR THE YEAR ENDED JUNE 30, 2004

ASSETS

Cash	
Savings Account	\$ 140,143

LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$ 0
--------------------	------

BALANCE

Reserved for Road Improvements	140,143
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TOTAL LIABILITIES AND FUND BALANCE	\$ 140,143
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WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

MUNICIPAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2004

REVENUES

Taxes	
Current Tax Collections	\$ 58,050
Interest and Rents	
Interest Earnings	<u>292</u>
 Total Revenues	 <u>\$ 58,342</u>

EXPENDITURES

Public Works	
Highways, Streets and Bridges	
Other Services and Charges	
Road Brining	<u>5,740</u>
 Excess of Revenues Over (Under) Expenditures	 \$ 52,602

<u>FUND BALANCE</u> - July 1, 2003	<u>87,541</u>
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<u>FUND BALANCE</u> - June 30, 2004	<u><u>\$ 140,143</u></u>
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WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

GARBAGE AND RUBBISH COLLECTION FUND

BALANCE SHEET  
JUNE 30, 2004

ASSETS

Cash	
Money Markt Account	\$ 8,353

LIABILITIES AND FUND BALANCE

LIABILITIES

Payroll Taxes Payable	\$ 203
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FUND BALANCE

Reserved for Refuse Collection and Disposal	8,150
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TOTAL LIABILITIES AND FUND BALANCE	\$ 8,353
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WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

GARBAGE AND RUBBISH COLLECTION FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2004

REVENUES

Interest and Rents	
Interest Earnings	\$ 22
Other Revenues	
Special Assessments	16,599
Added Fees	245
	<hr/>
Total Revenues	\$ 16,866

EXPENDITURES

Public Works	
Refuse Collection and Disposal	
Personal Services	
Salaries and Wages	\$ 5,026
Social Security Contributions	384
Supplies	
Operating Supplies	92
Other Services and Charges	
Contracted Refuse Removal	14,663
Contracted Services	232
	<hr/>
Total Expenditures	\$ 20,397
Excess of Revenues Over (Under) Expenditures	\$ (3,531)

OTHER FINANCING SOURCES

Operating Transfers In	
General Fund	3,000
	<hr/>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources	\$ (531)

<u>FUND BALANCE</u> - July 1, 2003	<hr/> 8,681
<u>FUND BALANCE</u> - June 30, 2004	<hr/> \$ 8,150



WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

CURRENT TAX COLLECTION FUND

BALANCE SHEET  
JUNE 30, 2004

ASSETS

Cash	\$ 0
------	------

EQUITY

Balance	\$ 0
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WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
FOR THE YEAR ENDED JUNE 30, 2004

RECEIPTS

Current Tax Collections	\$ 1,058,742	
Delinquent Tax Collections	8,878	
Property Tax Administration Fee	11,159	
Late Payment Penalties	392	
Interest Earnings	107	
Overcollections from Taxpayers	<u>172</u>	
Total Receipts		\$ 1,079,450

DISBURSEMENTS

Payments to County Treasurer		
Current Tax		
County	\$ 146,987	
State Education Tax	143,664	
Council on Aging	12,775	
Clare-Gladwin Intermediate School	576	
Mid-Michigan Community College	345	
Transit Authority	7,273	
Whisley Creek Drainage	3,281	
Penalties		
State Education Tax	<u>99</u>	\$ 315,000
Payments to Township Treasurer		
Current Tax		
Operating	\$ 26,828	
Road Improvement	54,316	
Garbage and Rubbish Collection	13,299	
Delinquent Tax		
Operating	1,844	
Road Improvement	3,734	
Garbage and Rubbish Collection	3,300	
Late Payment Penalties	293	
Property Tax Administration Fee	11,149	
Interest Earnings	<u>104</u>	114,867

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
FOR THE YEAR ENDED JUNE 30, 2004

Payments to School Treasurer		
Current Tax		
Marion Public Schools	\$ 478,424	
McBain Rural Agricultural School	1,209	
Harrison Community Schools	5,757	
Wexford-Missaukee Intermediate	<u>164,008</u>	649,398
Bank Charges		13
Refund to Taxpayers for Overcollections		<u>172</u>
Total Disbursements		<u>1,079,450</u>
Excess of Receipts Over (Under) Disbursements		\$ 0
<u>BALANCE</u> - July 1, 2003		<u>0</u>
<u>BALANCE</u> - June 30, 2004		<u><u>\$ 0</u></u>

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WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

STATEMENT OF 2003 TAX ROLL  
JUNE 30, 2004

TAXES ASSESSED

County	\$	182,220	
County - State Education Tax		147,506	
Township			
Operating		28,672	
Road Improvement		58,050	
Garbage and Rubbish Collection		16,599	
Schools			
Marion Public Schools		501,997	
McBain Rural Agricultural School		1,209	
Harrison Community Schools		6,237	
Intermediate Schools			
Wexford-Missaukee		175,259	
Clare-Gladwin		624	
Mid-Michigan Community College		<u>374</u>	1,118,747

TAXES COLLECTED

County	\$	170,316	
County - State Education Tax		143,664	
Township			
Operating		26,828	
Road Improvement		54,316	
Garbage and Rubbish Collection		13,299	
Schools			
Marion Public Schools		478,424	
McBain Rural Agricultural School		1,209	
Harrison Community Schools		5,757	
Intermediate Schools			
Wexford-Missaukee		164,008	
Clare-Gladwin		576	
Mid-Michigan Community College		<u>345</u>	<u>1,058,742</u>

WINTERFIELD TOWNSHIP, CLARE COUNTY  
MARION, MICHIGAN

STATEMENT OF 2003 TAX ROLL  
JUNE 30, 2004

TAXES RETURNED DELINQUENT

County	\$	11,904	
County - State Education Tax		3,842	
Township			
Operating		1,844	
Road Improvement		3,734	
Garbage and Rubbish Collection		3,300	
School			
Marion Public Schools		23,573	
McBain Rural Agricultural School		0	
Harrison Community Schools		480	
Intermediate School			
Wexford-Missaukee		11,251	
Clare-Gladwin		48	
Mid Michigan Community College		29	\$ 60,005

*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.  
ROBERT V. BEATTIE, C.P.A.  
DOUGLAS P. McMULLEN, C.P.A.  
JOHN F. TAYLOR, C.P.A.  
STEVEN C. ARENDS, C.P.A.  
SCOTT A. HUNTER, C.P.A.  
JONATHAN E. DAMHOF, C.P.A.  
MICHAEL D. COOL, C.P.A.

November 30, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Winterfield Township  
Clare County  
Marion, Michigan

As a result of our audit of the financial statements of Winterfield Township for the year ended June 30, 2004, we would like to take this opportunity to comment on the following items relative to the management and accounting procedures of the Township.

Budgeting

Pertaining to the Township's compliance with Public Act 621 of 1978, the following items are noted:

- (1) One activity in the General Fund exceeded the budgeted amount. The Township should always amend budgets prior to incurring expenditures in excess of budgeted amounts.
- (2) Overall, the budgeting procedures used by the Township are extremely accurate, and we encourage the Township to continue this excellent effort.

New Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement 34 that provides for changes in reporting requirements for city financial statements. For Winterfield Township, these changes were implemented in the June 30, 2004 financial audit.

Some of the more significant changes required by GASB 34 are as follows

- a) Management's discussion and analysis is a new section in the financial report. This includes the administration's narrative overview of the information contained in the financial statements.
- b) Several new types of financial statements are now included that report financial information on a Township-wide basis and incorporate capital assets and a provision for depreciation on those assets.

### Reportable Condition in Internal Controls

In planning and performing our audit of the financial statements of Winterfield Township for the year ended June 30, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

Certain matters considered to be reportable conditions in internal control were noted. We have included a separate letter (letter of reportable conditions) which addresses those items noted.

### Condition of Accounting Records

Continued improvements in the accounting and recordkeeping of the Township books and accounts were made during the last fiscal year. We would like to compliment the clerk and treasurer for their hard work and diligence in improving the accounting records.

We'd like to take this opportunity to thank the Winterfield Township Board for awarding our firm the audit for the year ended June 30, 2004, and to express our appreciation of the efforts put in by the various employees and elected officials of the Township. We found the cooperation and willingness to provide us the data which we requested to be positive. Should you have any questions relative to the above comments or other areas of your accounting records, please call on us for assistance.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*



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1902 - 1990  
JACK H. BAIRD, C.P.A.  
JERRY L. COTTER, C.P.A.  
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.  
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*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

November 30, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board  
Winterfield Township  
Clare County  
Marion, Michigan

In planning and performing our audit of the financial statements of Winterfield Township, Clare County, Marion, Michigan for the year ended June 30, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*